

Meeting Date: 11/18/08

Santa Clara



AGENDA REPORT

City of Santa Clara, California

Agenda Item # 5.13



SOSA

DATE: October 23, 2008

TO: Contract Administrator for Sports and Open Space Authority Action

FROM: Director of Finance, SOSA

SUBJECT: Status Report for the Quarter Ended September 30, 2008 on the Fiscal Operation of the Santa Clara Golf and Tennis Club

EXECUTIVE SUMMARY: Submitted for SOSA review and acceptance are the following reports: Santa Clara Golf and Tennis Club Income Statement, Variance Report, and the Administrative and Management Fee Calculation paid to American Golf for the quarter ended September 30, 2008.

The Income Statement includes a summary of Golf Course attendance categorized as "Number of Rounds" that is presented at the bottom of the Statement. The Variance Report provides a narrative explanation of significant variances between actual and budgeted Golf Course revenues and expenditures. Schedule 1 provides a graphic comparison of the September 30, 2008 quarter and year-to-date actual, budget, and prior year actual Net Income for the Golf Course. Detailed departmental reports on the Golf Course operations are available for review in the Finance Department.

ADVANTAGES & DISADVANTAGES OF ISSUE: The reports provide current information on the fiscal operation of the City's Golf Course. There are no disadvantages.

ECONOMIC/FISCAL IMPACT: The Golf Course Net Income transferred to SOSA for the September 30, 2008 quarter was \$373,808. This transfer to SOSA was \$26,354 less than the budget. Revenues were \$81,922 less than the budget mainly due to lower green fees, range usage, and merchandise sales. Cost of Sales and Operating Expenses combined for a total favorable cost variance of \$55,568. This combined with the unfavorable revenue variance resulted in the unfavorable net income budget variance as of September 30, 2008 of \$26,354.

RECOMMENDATION: That SOSA accept the Status Report for the quarter ended September 30, 2008 on the fiscal operation of the Santa Clara Golf and Tennis Club.

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Mary Ann Parrot
Director of Finance, SOSA

APPROVED:

A handwritten signature in black ink, appearing to read "Jennifer Sparacino".
Jennifer Sparacino
Contract Administrator

Documents Related to this Report:
Santa Clara Golf & Tennis Club Quarterly Status Report

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	FOR THE QUARTER ENDING SEPTEMBER 30, 2008						
	QUARTER		VARIANCES		PRIOR YEAR		
	ACTUAL	BUDGET	AMOUNT	%	ACTUAL		
SALES AND FEES							
INSTRUCTION	3,545	3,500	45	1	3,717	3,717	
GREEN FEES	624,252	660,872	(36,620)	(6)	622,171	622,171	
CART RENTAL	131,809	141,557	(9,748)	(7)	138,115	138,115	
RANGE INCOME	92,153	113,500	(21,347)	(19)	108,993	108,993	
TENNIS INCOME	17,551	16,600	951	6	15,992	15,992	
MERCHANDISE SALES	53,801	77,000	(23,199)	(30)	78,039	78,039	
OTHER INCOME	16,496	8,500	7,996	94	9,409	9,409	
TOTAL INCOME	939,607	1,021,529	(81,922)	(8)	976,436	976,436	
COST OF SALES							
MERCHANDISE	38,306	53,910	15,604	29	58,528	58,528	
TOTAL COST OF SALES	38,306	53,910	15,604	29	58,528	58,528	
GROSS PROFIT	901,301	967,619	(66,318)	(7)	917,908	917,908	
OPERATING EXPENSES							
SALARIES/WAGES	213,984	237,543	23,559	10	213,595	213,595	
UTILITIES-WATER	111,906	96,000	(15,906)	(17)	100,412	100,412	
UTILITIES-POWER	11,290	12,232	942	8	13,517	13,517	
SEED, SOIL & FERTILIZER	11,187	22,859	11,672	51	9,536	9,536	
REPAIR & MAINTENANCE	22,784	23,725	941	4	21,976	21,976	
SUPPLIES	23,320	30,779	7,459	24	34,042	34,042	
UNIFORMS/LAUNDRY	2,522	3,550	1,028	29	1,121	1,121	
BANK & CARD FEES	2,472	5,350	2,878	54	5,098	5,098	
LEASE/RENTAL	19,779	27,552	7,773	28	13,421	13,421	
SANITATION	6,596	6,549	(47)	(1)	4,845	4,845	
TELEPHONE	2,622	3,375	753	22	4,066	4,066	
RANGE BALLS	5,656	6,000	344	6	330	330	
OTHER EXPENSES	11,831	8,240	(3,591)	(44)	6,778	6,778	
MGMT/ADM FEES	77,257	79,156	1,899	2	77,245	77,245	
INSURANCE	4,287	4,547	260	6	3,196	3,196	
TOTAL OPERATING EXP	527,493	567,457	39,964	7	509,178	509,178	
NET FROM OPERATIONS	373,808	400,162	(26,354)	(7)	408,730	408,730	
LESS: CAPITAL OUTLAY	0	0	0	0	0	0	
NET INCOME	373,808	400,162	(26,354)	(7)	408,730	408,730	

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SANTA CLARA GOLF & TENNIS CLUB
AMERICAN GOLF ADMINISTRATIVE & MANAGEMENT FEE CALCULATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2008

3% MANAGEMENT FEE:

REVENUE DESCRIPTION	GROSS REVENUE	3% MANAGEMENT FEE	
Instruction (1)	\$ 0	\$ 0	
Green Fees	624,252	18,728	
Cart Rental	131,809	3,954	
Range Income	92,153	2,765	
Tennis Income	17,551	527	
Merchandise Sales	53,801	1,614	
Other Income (2)	<u>16,496</u>	<u>495</u>	
TOTALS	\$ <u><u>936,062</u></u>	\$ <u><u>28,083</u></u>	\$ 28,083

FIXED MANAGEMENT FEE (\$11,892 per month)	35,676
ADMINISTRATIVE FEE (\$4,500 per month)	<u>13,500</u>
TOTAL MANAGEMENT FEE	\$ <u><u>77,259</u></u>
Rounding	<u>(2)</u>
Management Fee per Income Statement	\$ <u><u>77,257</u></u>

(1) Instruction revenue per the Income Statement	\$ 3,545
Less - Revenue from instructor rent and golf lessons not subject to the 3% management fee	<u>(3,545)</u>
Instruction revenue subject to the 3% management fee	\$ <u><u>0</u></u>

(2) Consists of Pull-Cart rentals and American Golf Membership fees.

October 24, 2008

Director of Finance
Sports & Open Space Authority
City of Santa Clara
1500 Warburton Ave
Santa Clara, Ca. 95050

Re: July-September 2008 Quarter Financial Report

Enclosed you will find a brief explanation of variances over/under 10% OR \$200.00, whichever is greater, for the months of July-September 2008.

INCOME:

<u>Range:</u>	(\$21,347)	Lower range usage than expected due to the economy. This is a national trend; range business is down in a lot of other markets.
<u>Merchandise:</u>	(\$23,199)	Missed rounds by 1,164. Had a tournament group that did not buy as much merchandise as they have in years past. Economy has been a large factor in the short fall in sales.
<u>Other Income:</u>	\$7,777	Had more junior golf participants than expected during this time of the year.
<u>Cost of Sales:</u>	(\$15,604)	Missed planned merchandise by \$23,199.

OPERATING EXPENSES:

<u>Utilities –Water:</u>	(\$15,906)	Cost of water increased more than expected, also had little to no rain to offset constant water usage.
<u>Sand, Soil, & Fertilizer:</u>	\$11,673	Did not need as much SS&F, but will use if needed by the end of the year.
<u>Supplies:</u>	\$7,456	Did not spend range amenities money when it was budgeted.
<u>Uniform/Laundry:</u>	\$1,027	Paid some bills late on dept. 40 uniform service.
<u>Visa/MC/Banking Fees:</u>	\$2,878	Saving money on credit card bills due to new Point of sale system.
<u>Lease/Rental:</u>	\$7,773	New golf cart lease started in October.
<u>Telephone:</u>	\$753	Cost of phone lines was less than expected.
<u>Other Expenses:</u>	(\$3,592)	Charged for sprint internet line for multiple months.

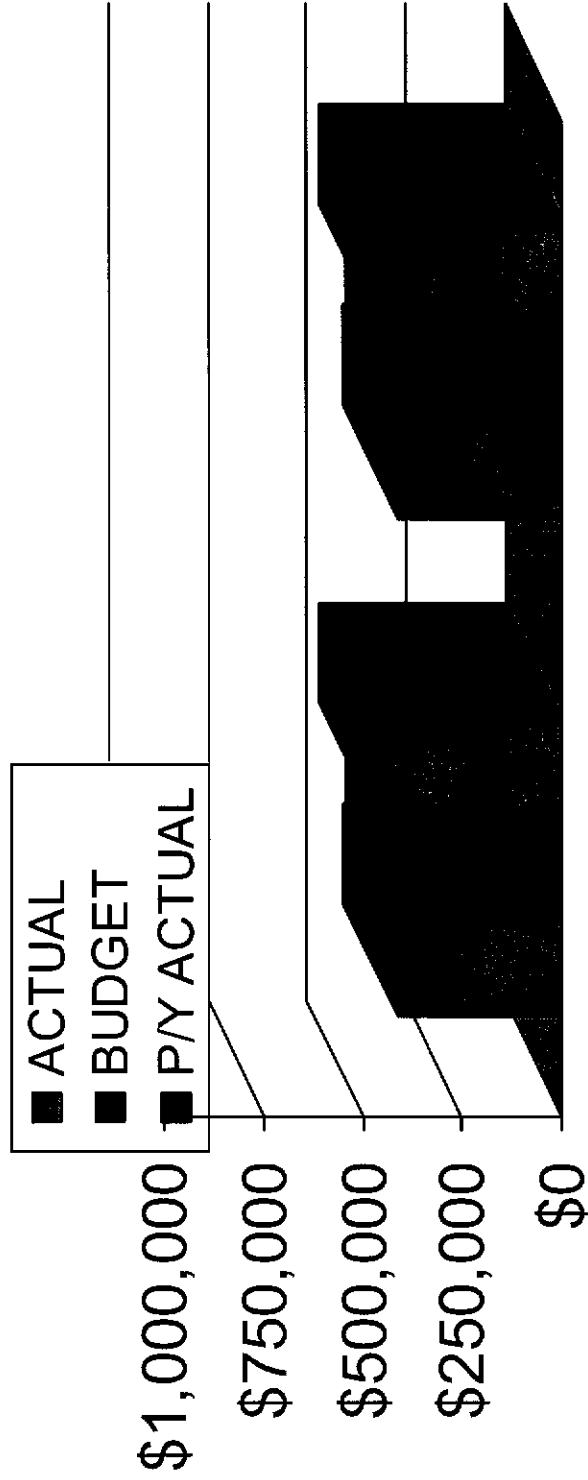
Please feel free to contact me with any questions.

Sincerely,

Kevin Kobayashi
General Manager
Santa Clara Golf & Tennis Club
(408) 980-9515

SCHEDULE 1

SANTA CLARA GOLF & TENNIS CLUB NET INCOME COMPARISON FOR THE QUARTER ENDED SEPTEMBER 30, 2008 ACTUALS, BUDGET, AND PRIOR YEAR ACTUALS



CURRENT QUARTER YEAR-TO-DATE

ACTUAL	\$373,808	\$373,808
BUDGET	\$400,162	\$400,162
P/Y ACTUAL	\$408,730	\$408,730